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NIKON CORPORATION and NIKON INC.

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

CARL ZEISS AG and ASML  
NETHERLANDS, B.V.,

20 || Plaintiffs,

21 || v.

22 NIKON CORPORATION, SENDAI  
23 NIKON CORPORATION, and  
NIKON INC..

24 Defendants

Case No. 2:17-cv-03221 RGK (MRWx)

# **DEFENDANTS NIKON CORPORATION AND NIKON INC.'S RESPONSE TO PLAINTIFFS' OBJECTIONS TO DEFENDANTS' DEPOSITION DESIGNATIONS**

Date: July 12, 2018  
Time: 9:00 a.m.  
Courtroom: 850, 8th Floor

Hon. R. Gary Klausner

1 Plaintiffs want to hide from the jury evidence that is directly relevant to  
 2 Plaintiffs' claim for damages. Plaintiffs paid only \$5.2 million for 12 patents and 2  
 3 patent applications. Now they are asking the jury for \$30 million to compensate for  
 4 alleged infringement of only 2 of them. The facts surrounding Plaintiffs' purchase  
 5 of those patents and patent applications are highly relevant to the jury's  
 6 determination of a reasonable royalty. Nevertheless, under the guise of Motions *in*  
 7 *Limine*, Plaintiffs object to deposition designations that are *highly* relevant to  
 8 reasonable royalty and damages—indisputably core issues in this trial. The Court  
 9 *explicitly* carved out its rulings on the motions in limine to allow testimony related  
 10 to reasonable royalty damages. The Court stated: “plaintiffs' motions in limine,  
 11 number 2 will be granted, **with the understanding that you can get into the area**  
 12 **as to how it pertains to royalties if that's the question as far as damages**, but  
 13 other than that, it would be granted.” (Pretrial Conf. Tr. at 4:22-5:1.)

14 On the first day of trial, the Court also stated that all of its Motion in *Limine*  
 15 rulings were “tentative” and would need to be assessed on a case-by-case basis.  
 16 (7/11 Trial Tr. at 4:23.)

17 Below, Nikon responds to Plaintiffs' objections specifically.<sup>1</sup>

18       **1. Testimony from Messrs. Pressman and Singer that no company  
           has licensed the '167 and '792 patents. (Pressman Tr. 82:2-11.  
           83:13-15; Singer Tr. 570:9-20.)**

19 This topic is facially relevant to *Georgia-Pacific* factor 1, “Royalties for the  
 20 patent-in-suit.” An example of the testimony that Plaintiffs seek to exclude is as  
 21 follows:

22       Q. Can ASML identify any company that has ever  
 23           paid any royalties in exchange for a license to the '167  
 24           patent.

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25       <sup>1</sup> Nikon does not plan to play the follow deposition clips: Pressman Tr. 70:5-13,  
 26 84:14-85:4 and Singer Tr. 526:4-6, 526:11,526:13-15, 526:20-527:1.

1           A. ASML can't identify any company that has paid  
 2           royalties to the '167 patent for a license.  
 3

4           (Pressman Tr. 82:2-11.) Given this testimony is squarely relevant to *Georgia*  
 5           *Pacific Factor 1*, it should not be excluded.

6           **2. Testimony from Messrs. Pressman and Singer regarding**  
 7           **Tarsium, the entity that bought the '167 and '792 patents.**  
 8           **(Pressman Tr. 260:4-8, 11-12.)**

9           Testimony related to Tarsium is directly related to damages and the  
 10          hypothetical negotiation under Georgia Pacific factors 4, 5, and 15. Factor 4 relates  
 11          to the licensor's policies; factor 5 relates to the commercial relationship between  
 12          the licensor and the licensee, such as whether they are competitors, or whether they  
 13          are inventor and promoter; and factor 15 goes to the hypothetical negotiation. The  
 14          fact that Tarsium is the entity that acquired the patents, and is owned by ASML, is  
 15          relevant to all three factors.

16           As this testimony is relevant, Plaintiffs have already elicited testimony  
 17          regarding Tarsium, its acquisition of the patents, and subsequent sale to Plaintiffs.  
 18          In his opening, Plaintiffs' counsel, Mr. Marchese stated, "You're also going to hear  
 19          evidence that HP originally transferred the patents to a company called Tarsium and  
 20          that Tarsium is a company owned by ASML, passed them along to ASML and  
 21          Zeiss." (7/11 Trial Tr. 14:22-25). Later, Dr. Singer testified about a document in  
 22          which Tarsium "jointly" transferred the '792 and '167 patents to Plaintiffs. (7/11  
 23          Trial Tr. at 72:21-73:11.)

24           Most importantly, Dr. McDuff, Plaintiffs' damages expert, specifically  
 25          testified that Tarsium was at the hypothetical negotiation table as an owner of the  
 26          '167 and '792 patents.

1 Q You put Tarsium, ASML, and Zeiss at the  
2 negotiation table here. On one side you would have those  
3 individuals and HP and on the other side Nikon; correct?  
4

5 A That's one scenario I considered, yes.  
6

7 Q The hypothetical negotiation for these patent would  
8 be in 2008; correct?  
9

10 A Yes.  
11

(7/12 Trial Tr. 88:7-13.)  
12

13 Excluding this evidence would unfairly prejudice Nikon as it would not have  
14 an opportunity to rebut testimony that Plaintiffs have already entered into evidence.  
15

16 **3. ASML's investigation of the patents during transaction with  
17 Hewlett-Packard, the inventors and sellers of the '167 and '792  
18 patents. (Pressman Tr. 68:19-69:5, 374:5-16, 349:20-350:1,  
19 352:12-14, 352:18.)**  
20

21 For example, Plaintiffs seek to exclude the following:  
22

23 Q. When did ASML first come to believe that any  
24 Nikon cameras infringed the '792 patent?  
25

26 A. as I believe I testified yesterday, ASML came to  
27 believe that Nikon products could infringe the '792 patent  
28 prior to the acquisition of those patents by Tarsium.  
(Pressman 374:5-16.)

29 During trial, Plaintiffs' damages expert, Dr. McDuff, testified that the sale of  
30 the patents to Plaintiffs had nothing to do with Nikon and is not an accurate  
31 representation of what Nikon would pay. (7/12 Trial Tr. 93:4-5, 14-15 (admitting  
32 that in the HP sale contract, Nikon was designated specifically unlicensed company  
33 but stating that he did not know what Tarsium "knew or did not know.") Nikon is  
34 entitled to rebut this testimony, as it is highly relevant to the hypothetical  
35

1 negotiation because both HP, Tarsium, and Plaintiffs *knew* about Nikon and  
2 specifically discussed Nikon's unlicensed status during the negotiations of the  
3 patent sale. This goes directly to *Georgia Pacific* Factor 15, which describes the  
4 hypothetical negotiation.

5 The timing of when Plaintiffs came to believe Nikon infringed is also  
6 relevant to Plaintiffs' five-year delay, which is relevant to marking. It is also  
7 relevant to the value (or lack thereof) of the '792 and '167 patents, the nature of the  
8 patented invention," and the "utility and advantages of patent property," which are  
9 *Georgia Pacific* factors 9 and 10.

10       **4. Testimony from Mr. Pressman regarding confidential and public  
11 transfers of the '167 and '792 patent. (Pressman Tr. 494:3-15,  
12 496:17-21, 530:10-16, 532:16-22, 566:15-19.)**

13       The testimony Plaintiffs seek to exclude is relevant to *Georgia Pacific*  
14 factors 1 and 5 (regarding the parties' competitive relationship), and also directly  
15 rebuts Plaintiffs' repeated argument that Nikon was "aware" of the alleged  
16 infringement and "knew of the patents." To the contrary, Mr. Pressman testified  
17 that the Plaintiffs did not publicly record Plaintiffs' ownership of the patents-in-  
18 suit. For example, Nikon seeks to use the following testimony:

19           Q. So, ASML and Zeiss didn't record the assignment  
20 of rights to the '792 at any time before they commenced  
21 litigation against Nikon on that patent?

22           A. That is what it appears from this document and  
23 there is obviously no obligation to do so.

24 (Pressman Tr. 532:16-22.)

25       Nikon is also entitled to play this testimony because it rebuts Plaintiffs'  
26 willful blindness claim. (ECF No. 33.) Plaintiffs have repeatedly stated that Nikon  
27 knew of the patents in 2009 and 2012. In Plaintiffs' opening, counsel stated:  
28

1           The evidence will also show that Nikon has known of  
 2           these patents for many years. They have known about the  
 3           first of the patents since 2009 and the second patent since  
 4           2011, and despite the knowledge, they've continued to use  
 5           the patented inventions continuously over the course of  
 6           ten years and even expanded their use year after year.

7           (Trial Tr. at 7:10-15.)

8           What's more, *Plaintiffs* have *already* elicited testimony from Messrs.  
 9           Pressman and Singer regarding the multiple transfers of the '167 and '792 patents,  
 10          opening the door to this rebuttal. On direct examination, Plaintiffs elicited the  
 11          following testimony:

12           Q.     Dr. Singer, do you recognize this document

13           A.     Yes, I recognize it.

14           Q.     And what is this?

15           A.     Yeah, that's the assignment of patent rights from  
 16           company Tarsium to, jointly, ASML Netherlands and  
 17           Carl Zeiss SMT GmbH.

18           (7/12 Trial Tr. 72:5-14). Plaintiffs also entered JTX115 into evidence, which is the  
 19          Assignment of Rights document.

20           Excluding this evidence would unfairly prejudice Nikon as it would not have  
 21          an opportunity to rebut testimony that Plaintiffs have already entered into evidence.

### CONCLUSION

22           In sum, Plaintiffs' objection to the designated testimony is a ruse to exclude  
 23          damages evidence that is relevant, as a matter of black-letter law, to the appropriate  
 24          reasonable royalties. Indeed, the Court has stated multiple times that evidence  
 25          relevant to reasonable royalty damages would be admissible. Moreover, Plaintiffs  
 26          have already introduced substantial evidence on all of these topics.

Excluding this evidence would substantially prejudice Nikon and would unfairly allow Plaintiffs to present trial testimony that Nikon has no opportunity to rebut. For these reasons, Nikon respectfully requests that the Court overrule Plaintiffs' objections.

Dated: July 13, 2018

Respectfully submitted,

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By: /s/ Vincent J. Belusko

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